

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 98-060

March 9, 1998

MAINE YANKEE ATOMIC POWER COMPANY  
Re: Application for Approval to  
Issue Securities ( § 902), for  
Authority to Pledge Assets or  
Encumber Property and Rights  
( § 1101), and for Consent to Refund  
Indebtedness ( § 908)

ORDER

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WELCH, Chairman; NUGENT and HUNT, Commissioners

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By this Order, we approve Maine Yankee Atomic Power Company's (Maine Yankee) request for approval to issue securities, encumber assets, and refund indebtedness as described below.

On January 23, 1998, Maine Yankee filed with the Commission its application for approval to issue up to \$70,000,000 of Term Notes and up to \$80,000,000 of Working Capital Notes, up to a combined amount of \$135,000,000, to pledge assets or encumber property and rights, and for consent to refund indebtedness. Maine Yankee requires this approval to refinance the Company's outstanding First Mortgage Bonds, its Secured Credit Agreement and its Eurodollar Revolving Credit Agreement. Since Maine Yankee's permanent shutdown, there has been uncertainty as to whether Maine Yankee has been in compliance with certain covenants under its mortgage and credit agreements. This refinancing removes the need to resolve the uncertainty.

Maine Yankee has proposed two credit facilities: an 8-year term loan in the amount of up to \$70,000,000 arranged by Toronto-Dominion Bank, with the Term Notes expected to be privately placed with one or more institutional lenders acceptable to the Company. The Working Capital Facility provides for a 3-year loan in the amount of up to \$80,000,000 arranged by Toronto-Dominion Bank, with the Working Capital Notes expected to be syndicated among a number of commercial banks, and extendible on an annual basis at the request of Maine Yankee and with the approval of the lenders.

Maine Yankee will obtain these funds for the following purposes: to pay in full Maine Yankee's First Mortgage Bonds, including any premiums thereon, and its outstanding notes to the BNY Group and the UBS Group, the proceeds of which bonds and

notes have been used for the purpose of carrying out the Company's corporate powers; and for any other lawful purpose directly or indirectly related to the conduct of the Company's business during the decommissioning of the Plant.

Maine Yankee believes that the proposed refinancing will resolve the issues inherent in dealing with three competing creditor groups by providing a coordinated security arrangement to the proposed new lenders under the Term Facility and the Working Capital Facility. The Company further believes that the proposed refinancing, unlike its current debt arrangements, has been structured specifically to meet its post-shutdown needs by a major banking institution willing and fully capable of consummating the proposed debt facilities on terms realistically reflecting the Company's current operating status and financial condition.

Having reviewed the application of Maine Yankee, together with data provided in support of it, it is the opinion of the Commission that the securities are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. In approving these securities, consistent with normal practice and pursuant to § 902(4), the Commission does not imply approval of or agreement with the Company's capital needs or capitalization ratio for ratemaking purposes. Neither does this decision imply agreement with Maine Yankee's Proposed Amendatory Agreements (to Maine Yankee's Power Contract) now before the Federal Energy Regulatory Commission, nor imply that Maine Yankee's Purchasers are or should be required to pay for any post-shutdown costs other than decommissioning.

Accordingly, it is

O R D E R E D

1. That Maine Yankee may issue and sell for cash at private sale up to \$70,000,000 principal amount of Term Notes pursuant to the terms and conditions of the Term Facility.

2. That Maine Yankee may issue, repay, and reissue from time to time for cash at private sale of up to \$80,000,000 principal amount of Working Capital notes pursuant to the terms and conditions of the Working Capital Facility.

3. That Maine Yankee may pledge, assign or encumber to secure the Term Notes and the Working Capital Notes, by a first priority security interest in: (A) its rights under its Power Contracts and Additional Power Contracts with its Sponsors to be paid its costs as provided in these contracts; (B) its rights under its Capital Funds Agreements to request capital

contributions, loans or advances from its Sponsors; (C) all receivables of the Company under any of the Power Contracts, Additional Power contracts, and Capital Funds Agreements; (D) all rights of the Company to receive any income tax refunds, and the proceeds thereof; (E) all proceeds to the Company from the recovery of pending claims of the company against nuclear fuel suppliers; and (F) all proceeds from the sale of nuclear fuel by the Company.

4. That Maine Yankee may apply the proceeds to be received from the sale of the Term Notes and the working Capital Notes as provided in its application.

5. That this Commission consents, pursuant to Title 35-A M.R.S.A. § 908, to the refunding of Maine Yankee's outstanding First Mortgage Bonds and its indebtedness to the BNY Banks and the UBS Banks, as described in its application.

Dated at Augusta, Maine this 9th day of March, 1998.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch  
Nugent  
Hunt

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note:The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.